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MEMORANDUM FOR: [redacted] Legislation Division
Office of Congressional Affairs

FROM: Robert W. Magee
Director of Personnel

SUBJECT: Proposed Legislation (H.R. 4025) to Exempt Federal Retirement Cost of Living Adjustments (COLA's) from Reduction Under Gramm-Rudman Sequestration Procedures

REFERENCE: Your Memorandum, Same Subject, dated 3 February 1986
OCA 86-0321

1. This is in response to your request in Reference for our views concerning the subject legislation. As we understand it, under the "Gramm-Rudman" Act, the President is required to issue an order sequestering funds if the estimated deficit for a fiscal year would exceed the maximum deficit allowable for that fiscal year. When such an order is issued, otherwise "automatic" spending increases are suspended, unless and until the President subsequently issues another order, which may cancel, reduce, or restore those "increases." Federal retirement COLA's, including those under the Civil Service Retirement System and CIARDS, are defined as "automatic spending increases," hence subject to the suspension procedure outlined. The bill(s) forwarded by Reference are intended to exempt such COLA's from the procedure.

2. We have no objection to this proposed legislation, provided that it would not result in inequitable freezes or reductions, or any offsetting cuts, in the Agency's personal services funding for current personnel and activities.

STAT [redacted]

Robert W. Magee

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